

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00

DODE-00 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 SS-15 STR-04 ITC-01

USIA-15 PRS-01 SP-02 OMB-01 OPIC-06 OIC-02 AF-08

ARA-10 EA-09 NEA-10 /153 W

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P 072055Z APR 77

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 6507

INFO DEPT OF COMMERCE PRIORITY

DEPT OF TREASURY PRIORITY

USMISSION OECD PARIS PRIORITY

USMISSION USUN NEW YORK PRIORITY

UNCLAS GENEVA 2683

PASS SMITH AND BOEKKER/EB AND FELDMAN/L

COMMERCE FOR KATZ, ARRILL/BIEPR AND UPTON BDC

TREASURY FOR CLAPP

LABOR FOR AVERY AND GARSON

E.O.11652: NA

TAGS: EINV,ELAB, ILO

SUBJECT: DRAFT TRIPARTITE DECLARATION OF PRINCIPLES CONCERNING  
MULTINATIONAL ENTERPRISES AND SOCIAL POLICY

REF: GENEVA 2662

1. SUMMARY. THE TRIPARTITE MEETING COMPLETED ITS WORK AND  
ADOPTED A DECLARATION ON MULTINATIONAL ENTERPRISES FOR SUBMISSION  
TO THE ILO GOVERNING BODY (REFTEL). NONE OF THE THREE SIDES MADE  
ANY RESERVATION TO THE APPROVED TEXT ALTHOUGH IT IS UNDERSTOOD  
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THAT THE AGREEMENT IS AD REFERENDUM PENDING FINAL ACTION BY THE  
COVERING BODY. A REPORT OF THE MEETING, WHICH CONTAINED COM-  
MENTS BY ANUMBER OF DELEGATIONS, INCLUDING USDEL (SMITH) ON  
VARIOUS POINTS WAS ALSO ADOPTED (COPIES WILL BE HAND-CARRIED  
BY DELEGATION MEMBERS).

2. THE AGREED TEXT IS STRONGLY SUPPORTIVE OF U.S. POSITIONS ON

CODE EXERCISES, CONTAINING ALL OF OUR BOTTOM-LINE CONDITIONS:

(1) BALANCE BETWEEN GOVERNMENT AND MNE RESPONSIBILITIES; (2) NON-DISCRIMINATION; (3) VOLUNTARY CHARACTER; AND (4) BROAD DEFINITION OF ENTERPRISES INCLUDING THOSE OF PRIVATE, PUBLIC, AND MIXED OWNERSHIP. IN THAT REGARD, IT DRAWS HEAVILY ON THE LANGUAGE OF THE OECD CODE. FURTHER, IT PROVIDES A CLEAR ENDORSEMENT OF A NUMBER OF SOCIAL PRINCIPLES OF IMPORTANCE TO THE UNITED STATES IN THE AREA OF HUMAN RIGHTS, E.G., FREEDOM OF ASSOCIATION AND NON-DISCRIMINATION. THUS, PROCEEDING PRAGMATICALLY IN A REMARKABLY CORDIAL ATMOSPHERE, GOVERNMENTS AND WORKER AND EMPLOYER ORGANIZATIONS HAVE SUCCEEDED IN NEGOTIATING A BALANCED AND CONSTRUCTIVE DECLARATION OF PRINCIPLES WHICH THEY ALL BELIEVE IS IN THEIR MUTUAL INTEREST. END SUMMARY.

3. RECONVENED PLENARY SESSION OF THE TRIPARTITE ADVISORY MEETING ON THE RELATIONSHIP OF MULTINATIONAL ENTERPRISES AND SOCIAL POLICY MET AT ILO HEADQUARTERS IN GENEVA APRIL 4-7, 1977. THE GROUP SUCCESSFULLY COMPLETED A DRAFT TRIPARTITE DECLARATION OF PRINCIPLES CONCERNING MULTINATIONAL ENTERPRISES AND SOCIAL POLICY WHICH HAD BEEN PREPARED IN THREE EARLIER MEETINGS BY A SPECIAL DRAFTING GROUP COMPRISED OF GOVERNMENTS, WORKERS AND EMPLOYERS. VERBATIM TEXT OF DRAFT INSTRUMENT TRANSMITTED REFTEL.

4. GIVEN THE SIZE, COMPLEXITY AND THE WIDELY DIFFERING INTERESTS OF THE PARTIES TO THE NEGOTIATION, THE ADOPTION OF THE DRAFT DECLARATION, THE PREAMBLE (TO BE HAND-CARRIED BY DELEGATION MEMBERS) AND A DRAFT REPORT OF THE MEETING ON THE WHOLE ACCORDS WITH U.S. INTERESTS AND PROVIDES IN OUR VIEW SUBSTANTIAL PROTECTION FOR THE INTERESTS OF MULTINATIONAL ENTERPRISES. THE FINAL DOCUMENT IS UNCLASSIFIED

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MENT IS A PRODUCT OF HARD BARGAINING DURING WHICH ALL SIDES EXHIBITED A WILLINGNESS TO MAKE THE KINDS OF COMPROMISE WHICH ENABLE THE EXERCISE TO GO FORWARD. THE SUCCESSFUL OUTCOME IN THE ILO IN WHICH MEMBERS OF THE GROUP OF 77 WERE PRESENT SHOULD PROVE HELPFUL IN DEALING WITH SOME OF THE SAME CONTENTIOUS ISSUES IN THE UN NEGOTIATIONS TO RESUME SHORTLY IN NEW YORK.

5. ONE ISSUE WHICH WAS A HARBINGER OF DIFFICULTIES TO COME WAS THE INSISTENCE OF THE MEXICAN DELEGATE, REPRESENTING THE GROUP OF 77, ON THE INSERTION OF LANGUAGE ON IMPLEMENTATION OF THE NEW INTERNATIONAL ECONOMIC ORDER. MEXICAN DEL, OPERATING UNDER VERY STRICT INSTRUCTIONS, MADE INCLUSION OF SUCH LANGUAGE A CONDITION FOR ACCEPTANCE OF THE ENTIRE DOCUMENT BOTH FOR GOM AND FOR GROUP OF 77. ADAMANT INSISTENCE BY MEXICAN DEL ALMOST ABORTED THE ENTIRE EFFORT. HOWEVER, U.S. DEL, SUPPORTED BY U.K. AND OTHERS IN PLENARY WERE ABLE TO DEVISE COMPROMISE LANGUAGE, WHICH MET THE NEED OF GROUP OF 77 AND WAS SIMILARLY ACCEPTABLE TO OTHER PARTIES TO THE NEGOTIATION. THIS COMPROMISE TEXT CONSISTING OF "TAKING INTO ACCOUNT" REFERENCE, ACCORDS WITH DEPARTMENTAL INSTRUCTION

IN THIS REGARD.

6. A MORE SERIOUS THREAT TO THE SUCCESSFUL OUTCOME OF THE PLENARY WAS THE DEMAND BY THE MEXICAN DEL AFTER ENTIRE TEXT WAS OSTENSIBLY AGREED TO BY ALL PARTIES TO MAKE SUBSTANTIVE ALTERATIONS TO PARA 11 WHICH WOULD ASSERT THE PRIMACY OF NATIONAL SOVEREIGNTY AND MUTED REFERENCE TO INTERNATIONAL OBLIGATIONS AND INTERNATIONAL AGREEMENTS. MEX DEL AGAIN UNDER STRICT INSTRUCTIONS WITH NO FLEXIBILITY FOR COMPROMISE. AT THAT POINT MEETING ADJOURNED AND GOVERNMENT MEMBERS ATTEMPTED VARIOUS FORMULATIONS TO TRY TO ACCOMMODATE GOM AND U. S. REQUIREMENTS. AFTER CONSULTATION WITH DEPARTMENT (SMITH/SCHWEBEL TELECON) IT WAS AGREED TO DELETE ENTIRE SENTENCE FROM PARA 11. DESPITE OMISSION, DRAFT STILL CONTAINS IN PARA 8 "VEFERZNSI"INTERNATIONAL LAW" AND "INTERNATIONAL OBLIGATIONS."

U.S. OFFER TO DELETE LAST SENTENCE PARA 11 WAS ACCEPTABLE TO MEXICAN DEL AND COMPROMISE WAS ADOPTED BY PLENARY.  
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ARY.

7. WITH COMPLETION OF DRAFT DECLARATION PLENARY HAD GOOD DEAL DISCUSSION ON THE QUESTION OF FOLLOW UP PROCEDURES. IT WAS CLEAR THAT THE WORKERS SIDE DESIRED PROCEDURES WHICH WOULD REQUIRE SUBSTANTIAL REPORTING AND MONITORING OF MNE OPERATIONS. WORKERS ALSO WANT MNE ISSUE TO BE ON AGENDA ITEM FOR ILO CONFERENCE IN 1979. EMPLOYERS ON THE OTHER HAND WERE ADAMANTLY OPPOSED TO ANYTHING THAT WOULD COMPROMISE THE VOLUNTARY NATURE OF THE DOCUMENT. U.S. DEL WHILE POINTING UP THE CONTRADICTIONS IN A FOLLOWUP PROCEDURE FOR A VOLUNTARY DOCUMENT ALSO POINTED OUT THAT TERMS OF REFERENCE DID NOT REQUEST PLENARY TO DEAL WITH FOLLOWUP; STATED THIS DECISION CLEARLY ONE FOR GOVERNING BODY. OUTCOME OF THIS DISCUSSION WAS NOT INTENDED AS MORE THAN STATEMENT OF VIEWS AND IT WAS CLEAR THAT SAME ARGUMENTS WOULD BE CARRIED UP TO THE GOVERNING BODY WHICH WOULD NOT BE ABLE TO CONSIDER DRAFT DECLARATION UNTIL NOV. 1977 MEETING. THERE WAS ALSO DISCUSSION AS TO WHAT TO DO WITH DOCUMENT IN EVENT THE UN EITHER DID NOT ACCEPT ILO INPUT TO UN CODE OR ATTEMPTED TO ALTER ILO DOCUMENT. LABOR REPS CLEARLY WANT INDEPENDENT ROLE FOR ILO PARTICULARLY IN EVENT UN DOESN'T MOVE FAST ENOUGH OR ATTEMPTS TO CHANGE TEXT. THERE IS ALSO SOME SYMPATHY FOR INDEPENDENT ILO ACTION IN EMPLOYER GROUP AS WELL. AGAIN DISCUSSION NOT INTENDED TO REACH CONCLUSIONS BUT MERELY SERVED AS A STATEMENT OF VIEWS BY PARTIES FOR CONSIDERATION BY GOVERNING BODY. SORENSON

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## Message Attributes

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